

Frequently Asked Questions

These frequently asked questions relate to the Self-Reporting Plan that is available to captive insurers who self-report to the Office of the Insurance Commissioner ("OIC") prior to June 30, 2020. If you have additional questions, please email Captives@oic.wa.gov.

What is a captive insurer?

An insurance company established by a parent firm for the purpose of insuring the parent's exposures.

What types of captive insurers need to self-report?

1. Single Parent/Pure Captives
2. Group Captives
3. Association Captives
4. Sponsored/Rental Captives
5. Protected Cell/Segregated Cell Captives
6. All types of captive insurers

Who should self-report?

1. All captive insurers with a principal place of business in Washington State;
2. All captive insurers wholly, or partially, owned by a Washington State corporation;
3. All captive insurers wholly, or partially, owned by an organization that has a principal place of business in Washington State;
4. All captive insurers that provide, or have provided, coverage for risks or property resident, situated, or to be performed in Washington State;
5. All captive insurers that have issued ocean marine and foreign trade insurance contracts within the State of Washington; or
6. All captive insurers that insure, or have insured, Washington consumers and/or entities.

What is the look-back period?

The duration of policy activity the OIC will consider under the Self-Reporting Plan. Policy activity outside the look-back period will not be considered, if the Captive Insurer self-reports.

The OIC retains the discretion to impose an appropriate penalty based on the specific facts and circumstances of each case. The Self-Reporting Plan assumes full cooperation of the Captive Insurer with the Washington State Office of the Insurance Commissioner during the self-reporting process.

How is the look-back period determined?

The look-back period is determined by the status of the policy and by the date that the Captive Insurer self-reports.

Self-Report Date	Policy Status	Look-Back Period
January 1, 2019 – December 31, 2019	Active	Current policy activity plus the 10 previous policy years
January 1, 2019 – December 31, 2019	Inactive	All policy years that provided coverage at any time from January 1, 2009 through January 1, 2019
January 1, 2020 – June 30, 2020	Active	Current policy activity plus the 15 previous policy years
January 1, 2020 – June 30, 2020	Inactive	All policy years that provided coverage at any time from January 1, 2004 through January 1, 2019
July 1, 2020 and beyond	Active and Inactive	All policy activity since inception

What is an active policy?

An active policy is a policy that provides coverage on or after January 1, 2019

What is an inactive policy?

An inactive policy is a policy that ceased providing coverage on or before December 31, 2018.

What is current policy activity?

Current policy activity includes all policy years that provide coverage at any time in 2019 or beyond.

What is a policy year?

A policy year is each 12-month period that follows the policy's original effective date.

The OIC retains the discretion to impose an appropriate penalty based on the specific facts and circumstances of each case. The Self-Reporting Plan assumes full cooperation of the Captive Insurer with the Washington State Office of the Insurance Commissioner during the self-reporting process.

What is direct written premium?

Total premiums received by the Captive Insurer without any adjustments for the ceding of any portion of these premiums to a reinsurer.

Does a Captive Insurer that had no policies with direct written premium active during the look-back period need to self-report?

Yes, the Captive Insurer will need to self-report to the OIC and secure a look-back period. The OIC will not take action for policy activity that is outside of the look-back period, if the captive insurer self-reports. If the Captive Insurer does not self-report prior to July 1, 2020, the OIC will pursue enforcement action on all activity that has occurred since policy inception.

What is the incentive to self-report by June 30, 2019?

1. Premium tax, interest on premium tax, and the tax penalty will be calculated based off of the look-back period. Activity outside of the look-back period will be forgiven. Reporting prior to December 31, 2019 will result in the shortest look-back period.
2. The Captive Insurer will pay 25% of the tax penalty and the remaining 75% will be forgiven.
3. The regulatory fine for unauthorized activity will be no greater than \$25,000.

What is the incentive to self-report by December 31, 2019?

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2. The Captive Insurer will pay 50% of the tax penalty and the remaining 50% will be forgiven.
3. The regulatory fine for unauthorized activity will be no greater than \$100,000.

What is the incentive to self-report by June 30, 2020?

1. Premium tax, interest on premium tax, and the tax penalty will be calculated based off of the look-back period. Activity outside of the look-back period will be forgiven.
2. The Captive Insurer will pay 75% of the tax penalty and the remaining 25% will be forgiven.

The OIC retains the discretion to impose an appropriate penalty based on the specific facts and circumstances of each case. The Self-Reporting Plan assumes full cooperation of the Captive Insurer with the Washington State Office of the Insurance Commissioner during the self-reporting process.

What if the policy has a term that is longer than one year?

The policy term will be divided into policy years. Each policy year that provided coverage at any time during the look-back period will be included in the look-back period.

What if the policy has a term that is shorter than one year?

The policy terms will be combined to equal a policy year. Each policy year that provided coverage at any time during the look-back period will be included in the look-back period.